

## REQUEST FOR MAYORAL DECISION – MD1224

**Title: Lease to the Land Trust in relation to Southern Park, Greenwich Peninsula**

### Executive Summary:

programme budget of £1,290,000ed owns the freehold of Southern Park, located on the Greenwich Peninsula. In line with the Mayor's commitment to find an exit strategy for all of the GLA's land and property assets and the GLA's emerging Asset Strategy, the GLA has revisited the options appraisal for Southern Park carried out by its previous owner (the Homes and Communities Agency). As a result of this re-appraisal it is proposed that Southern Park be leased to the Land Trust on a 998 year lease at a peppercorn rent.

### Decision:

That the Mayor approves the grant of a 998 year lease of Southern Park, Greenwich Peninsula to the Land Trust for a peppercorn rent and in doing so pass the annual maintenance costs onto the Leaseholder.

### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

**Signature:**

**Date:** 26/06/13

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 Located on the south eastern side of the Greenwich Peninsula and adjacent to an Ecology Park (Annex 1 – Location Plan), Southern Park is a 2.46 hectare recreational space comprising open grass areas, tree and shrub areas, pathways and feature lighting. This Park was specifically built to provide recreational space for residents of the Greenwich Millennium Village (GMV), the first housing development on the Greenwich Peninsula. It is zoned as an area of Metropolitan Open Land and Site of Importance for Nature Conservation (SINC).
- 1.2 While GLA Land and Property Limited (GLAP) is responsible for the costs of managing and maintaining Southern Park, it reclaims the costs of doing so from (Greenwich Millennium Village Limited (GMVL), GMV's management company. In turn GMVL recharges these maintenance costs to the owners/residents of GMV as part of the annual service charges.
- 1.3 Prior to the transfer of Southern Park to GLAP, the Homes and Communities Agency (HCA) had carried out an options appraisal with the dual aims of securing a long-term maintenance plan for the Park, and passing on its on-going liabilities in respect of this recreational facility to a suitable successor. HCA's chosen option was to lease Southern Park to the Land Trust, and negotiations had commenced but not concluded prior to the Park's transfer to GLAP on 1 April 2012.
- 1.4 The Land Trust is a charitable organisation specialising in land management and it was the HCA's preferred option as the Land Trust is:
  - the freehold owner of the adjacent Ecology Park, and so is the logical recipient of Southern Park which adjoins it;
  - prepared to take on the existing grounds maintenance contract and to recover GMV residents' existing contributions to the cost of maintaining the Park (subject to an annual Retail Price Index increase) until March 2014 when the grounds maintenance contract will be retendered;
  - committed to maintaining the existing management fee; and
  - prepared to re-tender the ground maintenance contract using the current grounds maintenance specification to ensure that the Park continues to be maintained to the highest standard and that GMV residents receive value for money with the best price for the maintenance of the Park.
- 1.5 It is not possible to transfer the freehold of the Park to the Land Trust or any other third party as there is a clause in the agreed form of lease for GMV providing that the ability to collect a service charge falls away if the Park is adopted or acquired by a third party in order to offer it to the public. Accordingly, the preferred option is to grant a long lease and the Land Trust is the selected tenant for such lease.

#### **2. Objectives and expected outcomes**

Granting a 998 year lease to the Land Trust at a peppercorn rent is in line with the emerging GLA Asset Strategy and meets the Mayor's objective of finding an exit option for every asset owned by the GLAP. By disposing of the land on this basis, GLAP is able to pass on responsibility for managing the Park (including the ongoing liabilities for public safety, procurement of the maintenance contractor and administering the cost of which will be recovered from GMVL) whilst retaining certain landlord and tenant controls to ensure that the Park will continue to be managed and maintained to a high standard.

### **3. Planned approach**

A number of options were considered for the disposal of Southern Park and entering into a 998 year lease with the Land Trust was selected as the best option.

### **4. Other considerations**

#### **a) Links to strategies and Mayoral and corporate priorities**

The Mayor has made a commitment that by March 2016 there will be an exit strategy for all of his land, property and related assets. GLAP owns a significant number of assets without any development potential, such as freeholds of fully developed sites, roads, footpaths and cycle ways, street lighting, pumping stations, parks, piers and jetties.

Under the GLA's emerging Asset Strategy, which has been discussed with the Deputy Mayor for Housing Land and Property, the proposed way forward in respect of such assets is to find the most appropriate exit. Entering into a 998 year lease with the Land Trust is in line with the emerging Strategy.

#### **b) Impact assessments and Consultation**

There is no requirement to carry out any consultation or impact assessment.

#### **c) Risk**

There is no forfeiture provision in the lease but for the first 10 years of the 998 year term, the Land Trust can terminate the lease if GMVL fail to pay the requisite service charge contributions. If the lease is terminated, responsibility for the Park would revert to GLAP. In addition, the Land Trust's maintenance obligations can be suspended during any period where GMVL fails to pay its service charge contributions. In either case, the Land Trust must demonstrate that it has exhausted all possible avenues for recovering the costs from GMVL.

### **5. Financial comments**

5.1 The Park is designated Metropolitan Open Space therefore has no FINANCIAL value to GLAP other than that an insignificant tax benefit may accrue from the disposal.

5.2 There is a maintenance obligation, the cost of which is passed on to residents of GMV

### **6. Legal comments**

6.1 BLP is retained as GLA's external legal advisors. Further legal comments are set out in Part 2.

6.2 Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA as set out in section 30(2) which are:

- i. Promoting economic development and wealth creation in Greater London
- ii. Promoting social development in greater London and
- iii. Promoting the improvement of the environment in Greater London

6.3 Sections 1 and 2 of this report indicate that the Mayor has the power to agree to the Decision set out above.

- 6.4 It should be noted that as GLAP will be a party to the legal documentation, GLAP will also need to approve the proposed disposal in accordance with its constitution.

## **7. Investment & Performance Board**

This matter was discussed at the Housing Investment Group meeting on the 28 January 2013. HIG supported the long term leasing of Southern Park to the Land Trust.

### **Appendices and supporting papers:**

Annex 1 - Location Plan of Southern Park

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:****Is the publication of this approval to be deferred? YES**

If YES, for what reason:

Until negotiations with the Land Trust have been concluded

Until what date: 15 July 2013

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Trevor Massie has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Sponsoring Director:**

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**

**Date**

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature**

**Date**